



[BILLING CODE: 4810-033-P]

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities:

Revision of an Approved Information Collection; Comment Request;

Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act

AGENCY: Office of the Comptroller of the Currency, Treasury (OCC).

ACTION: Notice.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a revision to this information collection, as required by the Paperwork Reduction Act of 1995. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Currently, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for national banks and Federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of

\$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.”

DATES: Comments must be received by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER.]**

ADDRESSES: Communications Division, Office of the Comptroller of the Currency, Mailstop 2-3, Attention: 1557-0319, 400 7th St., SW., Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to regs.comments@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th St., SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700. Upon arrival, visitors will be required to present valid government-issued photo identification and to submit to security screening in order to inspect and photocopy comments.

FOR FURTHER INFORMATION CONTACT: You can request additional information from Johnny Vilela or Mary H. Gottlieb, OCC Clearance Officers, (202) 649-5490, for persons who are deaf or hard of hearing, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th St., SW., Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC’s Web site under News and Issuances (<http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

SUPPLEMENTARY INFORMATION:

The OCC is requesting comment on the following revision to an approved information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: 1557-0319.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (Dodd-Frank Act) requires certain financial companies, including national banks and Federal savings associations, to conduct annual stress tests² and requires the primary financial regulatory agency³ of those financial companies to issue regulations implementing the stress test requirements.⁴ A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at such time, in such form, and containing such information as the primary financial regulatory agency may require.⁵ On October 9, 2012, the OCC published in the *Federal Register* a final rule implementing the section 165(i)(2) annual stress test requirement.⁶ This rule describes the reports and information collections required to meet the reporting requirements under section 165(i)(2). These information collections will be given confidential treatment (5 U.S.C. 552(b)(4)).

¹ Pub. L. 111-203, 124 Stat. 1376, July 2010.

² 12 U.S.C. 5365(i)(2)(A).

³ 12 U.S.C. 5301(12).

⁴ 12 U.S.C. 5365(i)(2)(C).

⁵ 12 U.S.C. 5365(i)(2)(B).

⁶ 77 FR 61238 (October 9, 2012).

In 2012, the OCC first implemented the reporting templates referenced in the final rule. *See* 77 FR 49485 (August 16, 2012) and 77 FR 66663 (November 6, 2012). The OCC is now revising them as described below. The OCC proposed these revisions on September 10, 2014.⁷ The OCC received one comment and is adopting the revisions as final, with some adjustments described below.

The OCC intends to use the data collected to assess the reasonableness of the stress test results of covered institutions and to analyze forward-looking regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The OCC recognizes that many covered institutions with total consolidated assets of \$50 billion or more are required to submit reports using the Comprehensive Capital Analysis and Review (CCAR) reporting form FR Y-14A.⁸ The OCC also recognizes the Board has modified the FR Y-14A reporting form, and to the extent practical the OCC will keep its reporting requirements consistent with the Board's FR Y-14A in order to minimize burden on covered institutions.⁹ Therefore, the OCC is revising its reporting requirements to remain consistent with the Board's FR Y-14A for covered institutions with total consolidated assets of \$50 billion or more. Furthermore, the OCC is revising

⁷ 79 FR 53835.

⁸ <http://www.federalreserve.gov/reportforms>.

⁹ 79 FR 64026 (Oct. 27, 2014).

the Scenario schedule, which collects information on scenario variables beyond those provided by regulators. The purpose of this revision is to require further clarity on the definitions of the additional scenario variables as well as information on how the additional scenario variables are used by covered institutions.

Revisions to Reporting Templates for Institutions with \$50 Billion or More in Assets

The revisions to the DFAST-14A reporting templates consist of adding data items, deleting data items, redefining existing data items, and renumbering data items. These changes would provide additional information to enhance the ability of the OCC to analyze the validity and integrity of firms' projections and increase consistency between the FR Y-14A reporting templates and DFAST-14A reporting templates. The OCC has conducted a thorough review of the changes and believes that the incremental burden of these changes is justified given the need for this data to properly conduct the OCC's supervisory responsibilities related to the stress testing.

Summary Schedule

The OCC is making a number of changes to the Summary schedule to better assess covered institutions' calculation of risk-weighted assets (RWA) and certain other items detailed below. Please note that all line item numbers referenced in this Notice refer to the existing reporting schedules, not the revised reporting schedules. Because the changes add and delete some data items, line-item numbering between the existing and templates may be different (e.g., Income Statement item 125, Total Other Losses, in the existing reporting template is now item 124 in the template).

Revisions to Income Statement Worksheet.

In order to accurately collect information for the Income Statement, the OCC is changing items 127 and 128 (Realized Gains/Losses on available-for-sale securities and held-to-maturity securities, including OTTI) to be reported items instead of being equal to the total amounts on the Securities OTTI by Portfolio worksheet. Additionally, for consistency with changes to the Counterparty Risk Worksheet described below, items 59 and 62 (Trading Incremental Default Losses and Other CCR Losses) would be modified to be Trading Issuer Default Losses and CCR Losses, and line item 61 (Counterparty Incremental Default Losses) is being removed.

Revisions to RWA and Capital Worksheets

To better align the collection of regulatory capital components with the Board's FR Y-14A, the OCC is modifying the definitions of the items on the Capital – DFAST worksheet to refer to or mirror the definitions that appear on revisions to the FR Y-14A. Respondents are required to apply the appropriate transition provisions to all transition-affected items of the Capital – DFAST schedule consistent with revisions to regulatory capital rules. With regard to the RWA worksheets, the standardized approach RWA and market RWA items of the General RWA worksheet have been changed in accordance with proposed modifications to Schedule RC-R of the Call Report¹⁰ and modifications to the FR Y-14A that are currently being considered, and moved to a separate worksheet (Standardized RWA). These changes include both the modification and addition of

¹⁰ 70 FR 35634 (June 23, 2014).

items, for an overall addition of 12 items. Additionally, the computed items one through five of the current Advanced RWA worksheet are being removed.

Revisions to Retail Repurchase Worksheet

Due to recent activity by respondents involving settlements related to their representation and warranty (R&W) liabilities related to residential mortgages, the OCC will collect additional detail about the R&W liabilities. Specifically, line items are being added that collect the unpaid principal balance (UPB) of loans covered by completed settlements for which liability remains and for which no liability remains by vintage beginning with 2004, as well as total settlement across vintages, for the following categories of loans: loans sold to Fannie Mae, loans sold to Freddie Mac, loans insured by the U.S. government, loans securitized with monoline insurance, loans secured without monoline insurance, and whole loans sold.

Revisions to Securities Worksheets

Because covered bonds have unique characteristics relative to other asset categories currently on this worksheet, the OCC is adding a separate covered bond category to the Securities worksheets to evaluate respondents' projections of these assets. Additionally, two columns would be added to collect information for the Securities AFS OCI by Portfolio worksheet that would allow changes in market value to be distinguished from changes in portfolio allocation for each projected quarter: Beginning Fair Market Value and Fair Value Rate of Change, which is the weighted average percent change in fair value over the quarter. Finally, to reduce reporting burden and increase efficiency in

reporting, the nine sub-asset categories of Domestic Non-Agency Residential Mortgage-Backed Securities (RMBS) are being removed from the same worksheet, and the available-for-sale and held-to-maturity portions of the Securities OTTI by Portfolio worksheet are being combined with the addition of a column to identify AFS amounts versus HTM amounts.

Revisions to Trading Worksheet

Because credit valuation adjustment (CVA) losses are modeled separately from trading portfolio losses, the OCC is requiring that the profit (loss) amount related to CVA hedges be reported separately from other trading activity.

Revisions to Counterparty Risk Worksheet

To allow respondents to use alternative methodologies for estimating losses related to the default of issuers and counterparties, the requirement of using the incremental default risk (IDR) methodology are being removed. Accordingly, line items 1, 1a and 1b (Trading Incremental Default Losses, Trading Incremental Default Losses from securitized products, and Trading Incremental Default Losses from other credit sensitive instruments) are modified to be Issuer Default Losses. Additionally, line items 3 (Counterparty Incremental Default Losses) and 3a (Impact of CCR IDR Hedges) are being removed, line item 4 (Other CCR Losses) are modified to be CCR Losses, and the line item Effect of CCR Hedges is being added.

Regulatory Capital Instruments Schedule

Changes to the Regulatory Capital Instruments schedule are consistent with changes to the FR Y-14A. Specifically, the OCC is (1) adding an item that collects employee stock compensation to the four quarterly redemption/repurchase and issuance activity subsections; (2) adding 18 items to the general risk-based capital rules section and 28 items to the revised regulatory capital section; and (3) changing the capital balance items in the general risk-based capital rules section and the revised regulatory capital section from reported items to formulas to permit the capital balance items to be automatically computed using the new items.

Regulatory Capital Transitions Schedule

Similar to the changes being made to the RWA and Capital worksheets of the Summary schedule, changes to the Regulatory Capital Transitions schedule will better align the collection of regulatory capital components with revisions to the FR Y-14A and proposed revisions to Schedule RC-R of the Call Report. The OCC is (1) aligning the definitions of the items on the Capital Composition worksheet to be consistent with the FR Y-14A; (2) modifying the RWA General worksheet to align with revisions to the FR Y-14A, including changing the name to Standardized RWA and modifying, removing and adding items for a net increase of 15 items; (3) modifying, adding and removing items on the Advanced RWA worksheet to align with the Advanced RWA worksheet on the Summary schedule, for a net increase of 21 items; and (4) revising the Leverage Exposure worksheet in accordance with changes to the supplementary leverage requirement, for a net increase of ten items.

Counterparty Credit Risk Schedule

Significant additions are being made to the CCR schedule to more adequately and accurately capture exposure information related to derivatives and securities financing transactions (SFTs) used in supervisory loss estimates and supervisory activities. These additions would remediate deficiencies discovered in the current collection related to exposure, including a lack of information regarding collateral, asset types, and total exposure to a given counterparty.

The OCC is (1) adding a worksheet that collects the derivative exposures at a legal-entity netting-agreement level for the top 25 non-central clearing counterparties (non-CCP) and non-G-7 counterparties, as well as all CCPs and the G-7 counterparties that includes a breakout of collateral into cash and non-cash, and exposures into 14 asset categories; (2) changing the current SFT sub-schedule to collect exposures and collateral separately at a counterparty legal-entity netting-agreement level for the top 25 non-CCP and non-G-7 counterparties as well as all CCPs and the G-7 counterparties and adding asset sub-categories for a total of 30 specific asset types; (3) removing all columns with the bank specification of margin period of risk (MPOR) under the global market shocks from worksheets 1(a)-1(e); (4) removing the column LGD Derived from Unstressed PD on the EE profile by CP worksheet; and (5) adding columns to worksheet 1(e) to collect both gross and net stressed and unstressed current exposure to CCPs.

Scenario Schedule

Additional scenario variables, which are collected on this schedule, are key drivers in projection methodologies. The OCC is revising the Scenario schedule to further clarify

the definitions of the additional scenario variables as well as to gather further information on how the additional scenario variables are used by covered institutions. It is expected that this additional clarity and information will assist in comparing information in this schedule across covered institutions.

The OCC is (1) providing additional guidance on the syntax for naming additional scenario variables to increase the comparability of additional scenario variables across covered institutions; (2) adding a column to explicitly capture the “unit of measure” of the additional scenario variables, e.g., basis points, percentages, dollars; (3) adding a column to explicitly capture the frequency of the variable, e.g., monthly or 3-month average; and (4) adding multiple columns to understand where the additional scenario variables are used in modeling. These last additional columns align with the methodology documentation framework described in Appendix A of the instructions.

Supporting Documentation

The instructions provide that banks must provide a comprehensive inventory of models used in the projection of losses, revenues, expenses, balances, and RWAs. Additionally, the instructions provide that covered institutions must submit written procedures or other documentation that outlines internal controls and processes used to ensure the accuracy of the submissions

Technical Changes

The OCC received one comment letter. The commenter expressed concerns about certain differences between the DFAST-14A reporting templates and the FR Y-14A reporting

form used by the Board, particularly the additional information on the DFAST-14A Scenario schedule. While the OCC has attempted to keep the DFAST-14A reporting templates very similar to the FR Y-14A, the OCC supervises different legal entities than the Board and is required to administer different statutory and regulatory requirements. Therefore, some differences exist between the final DFAST-14A reporting templates and FR Y-14A. The revised templates include changes to some line items in order to match the FR Y-14A as much as possible. With respect to the additional information required on the DFAST-14A Scenario schedule, the OCC believes that additional scenario variables are key model inputs that are critical to assessing the reasonableness of a covered institution's model-based estimates. Accordingly, the final revised templates require submission of this additional information. The revised templates also contain various technical, syntax, and reference changes.

Type of Review: Revision.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 23.

Estimated Total Annual Burden: 16,466 hours.

The OCC recognizes that the Board has estimated 67,848 hours for bank holding companies to prepare the reporting schedules submitted for the FR Y-14A. The OCC believes that the systems the covered institutions use to prepare the FR Y-14A reporting schedules will also be used to prepare the reporting schedules described in this notice. Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record.

Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: December 2, 2014.

Stuart Feldstein,
Director, Legislative and Regulatory Activities Division

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